

# **Workers' Compensation Advisory Committee (WCAC)**

Meeting Minutes

December 13, 2004

## **Introductions:**

### **Present:**

#### **Committee Members:**

Business Representatives: Amber Carter, Association of Washington Business; Jon Warling, Mon-Jon Orchards; Mike Sotelo, W.G. Clark Construction Company

Labor Representatives: Owen Linch, Joint Council of Teamsters No. 28; Dave Johnson, Washington Building & Construction Trades Council; Robby Stern, Washington State Labor Council, AFL-CIO

Self-Insured Employers' Representative: Dave Kaplan, WSIA, for Katrina Zitnik

Self-Insured Workers' Representative: Ellie Menzies, Service Employees State Council (absent)

Ex Officio Member: Tom Egan, Board of Industrial Insurance Appeals

Chair: Bob Malooly

Recorder: Laurie Jenkins

Presenters: Bob Malooly, Julie Boyer, Diana Drylie, Jamie Lifka, Dave Overby, Sandy Dziedzic, Tom Egan

Guests: James D. White, Dan Fazio, Dave Kaplan, Julie Boyer, Terry Tilton, Tammie Hetrick, Lauren Gubbe, Lloyd Brooks, Nancy Dicus, Alison Mendiora, Sharon Morris, Sara Crumb, Holly Chisa, Art Dalessandro, Amy Brackenburg, Jan Gee, Jill Reinmuth, Tom Kwieciak

L&I Staff: Diane Drylie, Sandy Dziedzic, Kate Cashman, Linda Hart, R.T. Nelson, Mark Mercier, Gary Walker, Tammie Wilson, Nichole Runnels, Heather Grob, Tryg Hoff, Catherine McDonald, Peter Lichtblau, Judy Schurke, Roy Plaeger-Brockway, Vicky Kennedy, Jean Vanek, Bill Vasek, Jamie Lifka, Dave Overby, Ernie LaPalm, Gary Franklin

**Review/Approval of September 13, 2004 Meeting Minutes** – Minutes were approved as written.

*Labor asked if the Oregon Rate Study was out yet.*

Bob state the Oregon Rate Study was expected to be released within the next week and informed the committee that L&I would have a link to Oregon Rate Study on our web site as soon as it became available.

## **Online Reporting and Customer Access (ORCA) Project Update – Bob Malooly**

Bob Malooly described ORCA's project scope, which includes secure access to informational web pages to view workers' compensation information, a new imaging system for internal staff,

online claims images for an external pilot group, and electronic transaction capability for conducting business on the Internet. He stated that the agency has received nothing but praise for the L&I Claim and Account Center. These customized web pages replaced the Workers' Compensation File Information application in November. The roll out for all external customers is expected in January 2005. He announced the external pilot group is expected to have web access for viewing claims documents by June 2005.

*Labor asked how much information on individual claims will be available to the external pilot group?*

Bob explained the pilot group testing is currently underway. All claim documentary evidence will be available to be viewed by both claimant and employer via secured access.

*Labor asked if penalties were in place for passing around passwords?*

Kate Cashman indicated warnings are being placed on each page to discourage any user from sharing a password. A discussion ensued with certain committee members voicing access confidentiality concerns and others remarking they were unconcerned about this issue. Bob affirmed the ORCA team would continue to address this matter and will report the team's progress at the next meeting.

Bob stated that electronic transactions will dramatically improve how we do business. Scheduled for implementation in spring 2005, electronic transactions will allow certain tasks, including: return-to-work notifications, address updates, protests, application reopenings, physician transfers and final reports, wage information updates, employer ROA, time loss notifications, and sending correspondence to the claim file, via the Internet. The agency is very excited and proud of this business process improvement project. The 2005-07 budget request will include Internet access for all external customers to imaged documents, addition of other programs to the imaging system, additional Internet transactions/e-forms, and workflow process improvements.

*The Self Insurance Employer's representative asked if Self Insurance was included for the 2005-07 budget request?*

Bob stated that Self Insurance will be included in the 2005-07 budget requests. He explained the Self Insurance quarterly assessment for 2003-05 was their proportionate share of infrastructure and groundwork costs.

*Labor asked whether paper claims will still be possible?*

Bob answered that the paperless office is a long way off.

*Business asked if time critical documents are still underway?*

Bob responded the department is enthusiastically working on speeding up the processing of time critical documents.

*Business asked if the employer is informed when a claim is reopened?*

Sandy Dziedzic stated as soon as a reopening is received, the employer is notified by letter.

**Cost Allocation Presentation – Julie Boyer, Sterling & Associates**

Ms. Boyer informed the committee that the agency adopted a policy to develop and implement a sound system to allocate costs for department overhead and indirect services in 2003. The policy, which will be implemented in phases, applied cost allocation for Administrative Services, Information Services, and Legal Services from the Attorney General's office. Phase I was implemented in this fiscal year and included all of Administrative Services. Phase II, which will include all Information Services and Legal Services, is being planned for implementation beginning July 1, 2005. Indirect and overhead costs are being allocated to the funds that benefit by the services. As a result of the policy, the department is allocating the costs of support services to the Workers' Compensation Trust Funds, and to Insurance Services, WISHA Services, Specialty Compliance, and the Crime Victims Compensation Program. A discussion ensued on how services break out and budget requests are made. Ms. Boyer invited committee members to contact her directly if they had further questions.

### **WCAC Actuarial Contract Update – Bob Malooly**

Bob announced that at the request of the business community the WCAC Actuarial Contract discussions are currently on hold until the Governor's race has been concluded.

*Business stated an independent, external audit of the State Fund is important. Given the sizeable amount of money collected by the agency, the public should have an independent report of the accuracy of these estimates. At this point the WCAC actuarial contract discussions appear to have become more of an audit process.*

*Labor stated that regardless of who becomes the State's next Governor, there is value in pursuing this discussion. If we continue to stall, we will lose another year.*

A brief discussion ensued with both business and labor representatives expressing frustration in moving this undertaking forward. Bob reminded the committee that the system needs input from both sides to be successful.

Next Bob proposed the committee consider two sessions next spring or summer to discuss class and experience rating. The committee agreed that since the last five special sessions were informative, these future topics would be worthwhile too.

### **Occupational Health Services Project – Diana Drylie**

Diana explained the Occupational Health Services Pilot Project was developed by the agency to improve the delivery of health care to Washington State injured workers. The primary goal of the project is to reduce disability by providing training and resources to participating doctors in two communities – Renton and Spokane. The pilot goals include: expanding physicians' occupational health care expertise, linking physicians' financial incentives with best practices and free Continuing Medical Education (CME) seminars, and measuring and improving health care processes, outcomes and satisfaction. Bob stated this project is going quite well. He strongly emphasized the importance of finding a way to remove the administrative hassles from physicians so that injured workers will receive good health care. Diane further announced that future plans include: expansion of existing COHEs, contract extensions for existing COHEs in order to make continued improvements, further University of Washington evaluation, and transfer of components to new communities. The COHE expansion is contingent on receiving additional funding.

*Business asked how much funding is being requested?*

Bob responded that \$441,000 is being requested in addition to what we are already spending. Self insured employers are not participating in this project. Diana stated that committee can expect to receive periodic updates on the project as information becomes available.

### **Clinical Quality Improvement Committee – Jamie Lifka**

Jamie stated the department would like to establish a clinical quality improvement committee to advise the department on matters related to safe and effective treatment for injured workers. These matters would include developing practice guidelines, conducting peer review, reviewing medical programs, and reviewing rules pertaining to health care issues. She then referred the committee to the list of specialties to be represented on committee. Representatives will include family or general practice, orthopedics, neurology or neurosurgery, general surgery, physical medicine and rehabilitation, psychiatry, internal medicine, occupational medicine, and radiology; an osteopathic member, an ARNP, two representatives with experience in evidence-based medicine, and one representative each from business and labor. Specific language was included in the bill request to eliminate any potential conflict of interest.

*In terms of specialty groups, labor asked if it is expected each specialty will nominate a number of people from which the Director would appoint?*

Jamie responded the department would welcome any nominations provided. As yet, the nominating details have not been determined. Dr. Franklin stated the criteria will be carefully determined so that a balanced group is created. Not all specialties have a formal association.

*Labor stated a concern that the department would only choose nominees who support certain treatment procedures and questioned whether it would be more appropriate to have the providers choose the nominees instead of the Medical Director.*

*The self-insured employers' representative stated this committee should not have a political agenda; labor and business representatives should not be included on this committee.*

*Labor stated our goal here is to treat injured workers and return them to jobs as soon as possible. Some clinicians may not focus on this goal. With business and labor representatives participating in this committee, the committee will be better equipped to keep practitioners on task and to understand the different issues in the workers' compensation community.*

*Business suggested that maybe employers and employees be involved in this committee, not just representatives of employers and employees. The agency needs a committee solely managed by medical groups, but monitored by business and labor.*

Bob suggested we work on the language to meet our goal of obtaining objective, well informed decisions.

### **Discussion of Evidence-Based Medicine Workshop – Amber Carter & Owen Lynch**

The Evidence-Based Medicine Workshop was presented by Washington State Agency Medical Directors' Group and the Agency for Healthcare Research and Quality for State leaders and policymakers on December 6 and 7 in Tacoma, Washington. The Agency Medical Directors' Group is a collaboration of eight state agencies: Board of Health, Department of Corrections, Department of Health, Department of Labor & Industries, Department of Social and Health Services, Department of Veteran Affairs, the Health Care Authority, and the Office of the Insurance Commissioner. The Agency for Healthcare Research and Quality is a federal agency

within the U.S. Department of Health and Human Services, whose mission is to improve the quality, safety, efficiency, and effectiveness of health care of all Americans.

Amber reported that this workshop was designed for State policymakers to discuss challenges and limitations to using evidence to make decisions about health care. Evidence-based medicine is medical decision-making based on rigorous scientific evidence about the effectiveness of medical services and treatments. It tells whether a particular treatment works, how well it works compared to other treatments, and the risks associated with the treatment. It can be used to identify situations in which a less expensive treatment is, in fact, just as effective as a more expensive one.

Owen stated the workshop information allowed the workshop participants to evaluate research papers and an opportunity to work through information and desired outcomes. Using the findings from evidence-based medicine, State policymakers can shape public health and prevention initiatives, assess health care quality and evaluate proposed benefit mandates. While evidence-based medicine cannot control rising health care costs, it can help to eliminate coverage for ineffective treatments and moderate overall expenditures. Both Amber and Owen reported the workshop was very helpful because evidence-based medicine can be a powerful tool for saving money and improving health care. It addresses the question, "What is the evidence to justify the treatments we are paying for?" Amber stated the materials will be posted on the website in one week.

#### **IME Improvement Project Update – Dave Overby**

Dave provided a brief update of the Independent Medical Examination Quality Assurance Pilot Project. The key components of the pilot include development and refinement of the sampling strategy, audit tool, auditing process, scoring methodology. The QA contractor is currently refining the audit tool before moving on to the feedback phase. L&I will also be conducting phone and postcard surveys of workers who have had IMEs in March 2005, rolling out a revised Medical Examiners' Handbook and revising IME referral questions from claim managers.

#### **Employer-Based Unit Update – Sandy Dziedzic**

Sandy informed the committee the employer-based unit has proven to be a tremendous success. The employer assignments are based on business size and claim frequency so as to achieve the maximum efficiency for both the employer and claim manager. The unit excludes medical only, hearing loss, CRI, and out-of-state claims. Sandy reported we are resolving claims faster, and both employers and claims managers are eager to expand the unit. She is working closely with each field office and Project HELP to identify any possible negative trends. The targeted implementation date to expand the employer based unit is January 29, 2005. *[Note: after the meeting Sandy informed the recorder the January 29 date was updated to February 11, 2005.]*

*Business asked if a unit could be set up to handle industry-based claims?*

Sandy responded that we are looking at doing industry alignment in the future, but do not have the resources to manage it right now.

*Business asked how the department manages an employer who does business all over the state?*

Sandy stated the department makes a determination based on either the headquarters or where most of the company's workers are positioned. She further stated that based on the success of

the employer assignment model to date, the department has high expectations for increased efficiencies in using our resources.

### **Confirm 2005 WCAC Meeting Dates – Bob Malooly**

After a brief discussion the committee agreed on following dates:

<b>2005 Meeting Dates</b>	<b>Time</b>	<b>Location</b>
Monday, March 28, 2005	9 a.m. to noon	Tumwater: S-118 & 119
Monday, June 27, 2005	9 a.m. to noon	Tumwater: S-117 & 118
Monday, September 26, 2005	9 a.m. to noon	Tumwater: S-118 & 119
Monday, December 5, 2005	9 a.m. to noon	Tukwila Training Room

### **Board of Industrial Insurance Appeals Update – Tom Egan**

Tom provided a brief summary of the following graphs:

- *Appeals Filed and Granted by Month*: Compared to last year, total appeals filed are up 5 percent and total appeals granted are up by 3 percent.
- *Department Reassumption Rate by Quarter*: The reassumption rate remains nearly the same as last quarter.
- *Quarterly Agreements and Dismissals*: The number of both dismissals and agreements trended slightly lower, but at nearly the same level.
- *Affirmance Rate by Month – PD&Os and D&Os*: State Fund and Self-Insured affirmance rates are averaging around 64 percent and 58 percent, respectively.
- *Average PD&O Lag-time by Quarter for Hearing Judges*: The lag time continues to average around 26 days.
- *D&O Time-Lag by Quarter*: The July-September 2004 decision and order time-lag levels are close to April-June 2004 levels.
- *Quarterly Average Weeks to Completion*: The Board increased orders issued from 34.9 in June to 35.3 in September 2004, surpassing its goal of 35 weeks from date filed to date of final order.
- *Pending Appeal Caseload by Quarter*: Active appeals increased from 5,119 in June 2004 to 5,273 in September 2004.
- *Final Orders Appealed to Superior Court-Quarterly*: Final orders appealed to the Superior Court remain at traditional levels.

### **Wrap-Up – Bob Malooly**

In conclusion, Bob made two announcements concerning enhancing the department's communication tools:

1. 2004 Year in Review Flyers were recently mailed out with rate notices.
2. Next spring the department is planning to conduct a session to allow input from people to whom we are accountable. We plan to ask employers and injured workers to participate in a discussion of what problems they've encountered, what works and what doesn't work for them. The outcome of this session will help form the basis for an internal strategic training session to help sharpen our internal focus and better serve our customers.

He then asked the committee members to consider these tools and provide him feedback at the next meeting.

The meeting adjourned.